

Preserving Nature

As many as 76 countries of the world have either totally lost their original forests or the little they have is no longer of any consequence to sustaining the diversified plant and animal life they once had. If that is not enough of a gloomy picture then add to the list another 11 countries, including Bangladesh, which are on the verge of losing the five per cent of such forests they were cliff hanging to. To make the picture complete 28 more countries also run the risk of getting denuded of their ecologically intact forests unless preservation measures were taken urgently. What is notable is the co-existence of both developed and developing nations in all three categories on the list. In a way the developed Europe and East and North Africas have comparable records in the mayhem of nature's original plant life. The eight countries with the best record of preserving the primeval forests are not without a threat too--the threat, coming from logging and agricultural settlement.

What chance then man has for his survival in the face of his own ravaging of nature? A fair answer to this unsettling question ought to be: very little. Maintenance of natural diversity is a basic condition for the existence of human beings because the chains of life and food are interconnected as well as interdependent. The planet sustains life by maintaining a workable natural balance. Unless man shows full regard for this basic principle of life and internal working within nature, he is bound to imperil his own future. Each human civilisation has had a serious flaw in that it produced enough deadly agents to bring about its own end. Enamoured of unprecedented scientific progress, it has ignored far too long 'mother nature'.

Fortunately, a new breed of human species has come forward in defence of nature. The 'greens' or environmentalists — whatever they may be called, have indeed turned the world's attention back to nature. But governments everywhere are yet to be equal to the task. Today countries like Bangladesh are more concerned with poverty alleviation and political stability. They have little time to ponder on the consequences of overexploitation of nature. But heed they must pay to the dictates of nature. Similarly, the rich nations must set their priorities. Can we urge them to make available a certain percentage of their GDPs for a fund to be used for conservation of nature. Let the poor nations too make their own contributions to that fund. This is imperative because a healing project for nature must be in operation before nature itself hits back.

For the Watch-dog

At long last, Bangladesh seems poised for rolling back the unflattering mention she has been getting in enlightened overseas circles for not having had a human rights commission in all these 25 years since her inception. The conspicuous absence of such a watch-dog body, considered to be an imperative necessity both as a UN requirement and a constitutional obligation for a country born with high moral principles, had to be ended.

And so it goes to the credit of Prime Minister Sheikh Hasina who had met the Chairman of the UN Human Rights Commission earlier on in Washington to have promptly decided on March 4 to have a human rights commission in the country. The minister for law, justice and parliamentary affairs also receives our commendation for doing the home-work so quickly to be ready in good time for making an announcement of the good news at the Geneva human rights general assembly sometime this week.

It is an independent human rights commission we are going to establish under a law to be framed in the parliament with a mandate and executive authority vested in the body for not merely uncovering human right violations but also for censuring those who would commit them with obvious implications for remedial action and punishment where due. The minister himself has assured of a watch-dog body with such substance while reacting to misgivings that the commission is being set up by the government whose human rights performance it is supposed to be evaluating.

Since it is envisioned as an independent commission, we call upon the government to have an intense dialogue with the civic society before making a law on the subject. The minister has already hinted at a public debate but it has to be the broadest spectrum one conceivable. Our emphasis is on open and vigorous dialogue that engages the Opposition, the NGOs, the lawyer bodies, journalist for, women's and child rights groups and workers' unions. How well this formative stage is handled will give a true measure of the government's commitment to human rights.

Japanese Praise

Japan's ODA team's annual consultation meeting last week with the Bangladeshi officials went well. Tokyo, which had not made any fresh aid commitment to Bangladesh in the last two years or so, owing to our political unrest, has, in a change of heart, taken a markedly mellowed view of the prevailing atmospherics in the country, both political and economic.

Showering praise on Sheikh Hasina's government for its 'active' pursuit of growth targets which seemed realistic to them, the team spokesman Futo Motal recorded his appreciation of a satisfying rate of implementation of the Jamuna Multipurpose Bridge Project.

The Japanese are credited with such a seasoned economic sense that we do not regard their plaudits as being merely compensatory for the hard-line they had taken towards us a year ago. These ought to be, in fact, deemed as genuinely inspirational and substantially encouraging for us.

What we like most about them is the parting observation made by the team's spokesman: "Cost of project is not important, we stress on quality and feasibility of a project." Let's meet Tokyo's expectations which are swathed in a renewal of confidence in us.

Reforming the Stock Market

Two types of lessons can be learnt from the two shocks that the capital market has gone through in a matter of only 9 years: one is about the price behaviour, and the other is about the organisational behaviour. Both of these have profound bearings on the future of the capital market in this country.

THE government has constituted an Inquiry Commission to investigate the operations of the two stock exchanges following the market crash of November-December 1996. Hopefully, it will be able to bring to light all the factors that led to such a major upheaval in the market. There is a great uncertainty prevailing in the market now, and if the Commission's report fails to uncover the real reasons, that is to say, to meet the expectations of the market, then uncertainty will be further intensified and the market may not recover in the near future. A great deal of confidence building, therefore, depends on what the findings of the Commission's enquiry are going to be.

Pattern of Shocks

However, before one discusses the nature of the reforms that the country's capital markets (consisting of Dhaka and Chittagong Stock Exchanges only) need, it would be appropriate to dwell briefly on the pattern of market performances over the last two decades. This will provide some insight into the nature of shocks that the capital market has gone through so far.

After the creation of Bangladesh, the government closed down the stock market in 1972 which was revived again in 1976. Incidentally, it is in this same year that the Investment Corporation of Bangladesh (ICB), an investment/merchant bank type institution, was first created in the public sector which has now grown into a major investment bank playing a major role, albeit inefficiently, in the country's stock market. However, the value and volume of turnover of the DSE were growing slowly in the mid-eighties. But it also had its first market downturn in 1989 which continued until 1991. The DSE All Share Price Index fell from 533.6 in 1988 to 498.2 in 1989 (about 7 per cent decline) to 349.1 in 1990 and finally to 296.2 in 1991. Between 1988 and 1991, the price decline was by about 44 per cent which, whether one calls it a major correction or a crash, was a big shock. But not much hue and cry was raised about it perhaps because it was not so sudden (over a three-year period).

Two important factors should be noted at this point. The economy during the middle to late 1980s was suffering from double digit inflation and around 1989-91 the world outside was going through a recession. The latter had its effect on the slowest growth of exports of the country. Due to a high domestic inflation rate, the exchange rate was overvalued. It is also at this time that the anti-autocratic political movement was at its peak. These factors contributed to the sharp and prolonged price decline in the stock market (44 per cent as pointed out above).

However, from 1992 onwards, the market began to pick up again both in terms of number of securities and prices. The DSE Price Index went from 369.5 in June 1992 to 959.1 in June, 1996 (about 160 per cent rise in four years). From July 1996 when the Index stood at 1156.2, it went up to 3627 on November 16 and crashed to

2241 on December 22. The fall in the index was by 38 per cent in less than six weeks. The situation was traumatic. Since then, of course, it fell further to 1584 on March 4, 1997. The market has shed another 29 per cent from that of December 22, 1996. As large, the stock market situation has turned into a scam and has aroused anger among the small investors, who have lost a huge sum of money. A good deal of writing, discussions and seminars have taken place with some violence to boot. Anyone with the slightest of objective view and any interest of the country at heart would be worried about the country's capital market, a vital instrument of capital mobilisation for economic development.

Lessons from the Shocks

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INSIGHT
by Kabir U Ahmad

control the rapid price rise during the months of September-November, 1996, and also during the period of rapid price decline in late November-December, 1996. Further, the Memorandum of Association of the DSE upholds "ethical behaviour" and "protection of interests of the investors" etc. but these seem to have not been practiced by the DSE. The elected members of the DSE are also active brokers until now which creates a conflict of interests which has not been satisfactorily resolved yet. The members-brokers should have corporatised their brokerage firms, but haven't done it so far. At least, on the face of it, there is the possibility of inside trading which is illegal according to the Securities and Exchange Act, 1993.

The executive body of the DSE should have some autonomy in respect of implementing the policies of the elected Council, but it was not given the autonomy. The floor trading should have been strictly monitored by an independent monitoring body appointed by the SEC, but it was not effective. All trades are supposed to be taking place through the DSE trading

permanent autonomous Appellate Body of 3 members headed by a retired Supreme Court Judge appointed by the government with another member to be elected by the Dhaka and Chittagong Stock Exchanges and the third one to be elected by the members of the FBCCI. The status of this body should be above that of the SEC with three years tenure. It should hear all complaints, adjudicate and give judgements on complaints from the stock exchanges, the SEC and the investors. This Body would recommend punishment for the offenders on which the law enforcement agencies would have no authority to request for bail or any other relaxation of the punishment. In addition, this Appellate Body should set up Monitoring Committees to inspect and monitor the trading on both the DSE and the CSE floors. It will also have the authority to recommend to the government, as it deems necessary, for any amendment or changes in the legal framework of the DSE and the CSE on the one hand, and the SEC, on the other. All in all, the justice, fairness and ethical standard in the stock market operations must be ensured by this Appellate Body.

The infrastructure of the DSE, the CSE and the SEC is now in a dismal state. It should be improved by installing fully computerised trading, recording and screen display systems with Local Area Network (LAN) and Wide Area Network (WAN) so that all transactions in different parts of the country executed through all brokers, dealers can be connected and settled in the fixed period of 1+6 days, as it is now, without any difficulty.

The Central Depository should be installed under the supervision of the SEC to take care of all the securities that are issued in the markets. It will eliminate the illegal kerb market overnight. There will be no scope for out-of-the-floor trading of shares any more. The existing out-market groups should form themselves into brokerage firms legally and the DSE should accept them as members.

Finally, there should be a Training and Research Institute set up by the government which will run short and medium-term courses for all brokers, share dealers and computer personnel who have to pass appropriate examinations before they qualify for any job in this sector.

There are now too many untrained, people running and managing the activities of the stock markets. This has to stop if efficiency of the stock market is to be improved. However, the research team should feed the SEC and the Appellate Body with their research results on various issues needed to improve the performances of these bodies. If these measures are instituted, and the Appellate Body is able to maintain its proper vigilance on the operations of the stock exchanges, then almost all the activities of the exchanges and the SEC will be transparent and accountable. No inside trading or secret manipulations of dealings and prices will be possible. The stock markets will then function properly and the investors confidence be restored.

The Needed Reforms

In view of all these failures, some important steps are necessary.

In the first place, since there are serious complaints of corruption against the SEC, it cannot perform its judicial functions.

The SEC and the government removed two of its members. So the victims of the scam did not seem to have anywhere to go for justice and fair deal.

To the Editor...

Deshi Products

Sir, I was very impressed with Ayesha Farhi's patriotism and encouragement to promote Deshi products in her "Dhaka Day by Day" article — "Be Bangalee and Promote Deshi Products" dated February 28, 1997. She is right when she says that Bangladeshi have recently acquired a foreign product craze. What I found disagreeable was the way she blamed consumers for this.

The writer is a freelance Sri Lankan journalist, who was previously Features Editor of The Times of Ceylon.

A recently established independent Coalition Against Political Violence has written to all parties, seeking pledges to act peacefully and punish troublemakers among supporters.

The major parties responded positively, including the UNP, which is now under an obligation to tell the public what action it will take in the case of the Ellawala murder.

Eleven people have been remanded in custody, pending court appearances, in connection with the shooting, including a UNP MP, Susantha Punchnilam.

The assassination could tip the balance in favour of the PA at the local polls — a mid-term popularity test for the government and opposition in areas outside the war-struck north and east — despite the fact that people have been blaming the ruling coalition for galloping inflation, broken promises and mounting problems of uncollected garbage and lack of public amenities in many areas.

Although the head of state does not normally get involved in local election campaigning, Kumaratunga did not help matters last year when she was reported to have indicated to loyalists that they were justified in retaliating against violent assaults. She was speaking after six people died when a group of UNP supporters were ambushed in Negombo, a fishing town north of Colombo, and her words seemed to condone the attack.

Over the years, party leaders have trotted out juvenile "tit for tat" excuses when accused of being responsible for bloodshed.

They tend to point out that the other side struck first and that their supporters were compelled

to retaliate. Their failure to admit responsibility and take action against party members guilty of crimes has helped sustain political violence.

The bitter acrimony that exists between the UNP and SLFP is another cause, and confrontational campaign tactics do nothing to ease tension.

A political columnist commented: "It is the time for all right-thinking people to take their stand openly in favour of democracy, and against those who believe that the gun, grenade or sword will sway the vote in their favour."

This does not augur well for peaceful polling on 21 March for 230 local authorities across the island, most of which are in the hands of the opposition United National Party (UNP).

President Chandrika Kumaratunga condemned the violence, and promised tough action.

She told a rally: "I assure you that new laws will be passed to bring the culprits to justice if the present laws seem to be inadequate. They deserve and will get the maximum possible punishment."

A big problem the authorities face in curbing violence is the proliferation of weapons on the island. A gun culture has grown out of the civil war in the north and east, where Tamil rebels are fighting for secession, and from the Sinhalese Marxist uprising a few years ago in the south that was crushed by the government.

Whereas, at one time troublemakers have hauled a bottle or, at

worst, a crude home-made bomb, they now pack pistols and automatic rifles.

Because of past trouble, MPs are legally allowed to possess two weapons. Kumaratunga has promised to take speedy action to disarm those who exceed their allocation. She pointed out that many politicians had not returned the guns with which they had been issued during the revolt by Marxist militants.

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